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09/756,243	01/08/2001	Seabron Adamson	SAZ-001.01	5611

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FOLEY HOAG, LLP  
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BOSTON, MA 02110

EXAMINER
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NGUYEN, NGA B

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 02/11/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

**Application No.**

09/756,243

**Applicant(s)**

ADAMSON ET AL.

**Examiner**

Nga B. Nguyen

**Art Unit**

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 04 November 2004.  
2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.  
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-24 is/are pending in the application.  
4a) Of the above claim(s) 1-9 and 17-21 is/are withdrawn from consideration.  
5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.  
6) ☒ Claim(s) 10-16 and 22-24 is/are rejected.  
7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.  
8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.  
10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).  
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
a) ☐ All b) ☐ Some \* c) ☐ None of:  
1. ☐ Certified copies of the priority documents have been received.  
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).  
\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)  
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)  
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date 11/4/02.  
4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.  
5) ☐ Notice of Informal Patent Application (PTO-152)  
6) ☐ Other: \_\_\_\_\_.

### DETAILED ACTION

1. This Office Action is the answer to the communication filed on November 4, 2004, which paper has been placed of record in the file.
2. Claims 10-16 and 22-24 are elected for consideration.

### ***Claim Rejections - 35 USC § 101***

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 10-16 are rejected under 35 U.S.C 101 because the claimed invention is directed to non-statutory subject matter, particularly, an abstract idea.

The claims, as presently claimed and best understood were reconsidered in light of the "Examination Guidelines for Computer-Related Inventions" and were found to be non-statutory. Discussion of the analysis of the claims under the guidelines follows.

As to claims 10-16, the invention is not implemented on a specific apparatus; therefore, the invention is not directed to the technological arts. To be statutory, the utility of an invention must be within the technological arts. The definition of "technology" is the "application of science and engineering to the development of machines and procedures in order to enhance or improve human conditions, or at least to improve human efficiency in some respect." (Computer Dictionary 384 (Microsoft Press, 2d ed. 1994)). When one looks to the present specification to determine what the applicant has invented, the invention appears to be a series of steps performed on a computer. It is clear that claims 10-16 are intended to be directed to the abstract

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method apart from the apparatus for performing the method. Therefore, claims 10-16 are non-statutory, because they are directed solely to an abstract idea without practical application in the technological arts.

***Claim Rejections - 35 USC § 102***

5. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

6. Claims 10-12, 14-16 and 22-24 are rejected under 35 U.S.C. 102(e) as being anticipated by Lange, U.S. Patent No. 6,321,212.

Regarding to claim 10, Lange discloses a method of doing business comprising:  
selecting a contingency that occurs upon a change in an objectively measurable condition (column 7, lines 30-55; the events includes financial-related events such as changes in interest rates, non-financial-related events such as changes in weather conditions, demand for electricity, and fluctuations in real estate prices);

selecting a payment schedule for repayment of a principal amount (column 53, lines 35-65; e.g. FNMA Conventional 30 year One-Month Historical Aggregate Prepayments);

providing a contingent security in exchange for the principal amount (column 7, lines 30-40; contingent claims includes stocks, bonds, other such securities, derivative securities, insurance contracts, reinsurance agreement, other financial products, instruments, contracts, assets, or liabilities whose value depends upon or reflects economic risk due to the occurrence of future, real-world events; column 55, line 15-column 56, line 15);

coupling an activity permit with the contingent security, the permit authorizing the holder to engage in an activity (column 21, lines 15-22; a trader can break-up or divide the multi-state investment into many separate, single-state investments);

auctioning the contingent security coupled with the activity permit to a holder (column 20, line 50-column 22, line 45); and

paying the holder of the contingent security according to the payment schedule if the contingency does not occur, and paying a party affected by the occurrence of the objectively measurable condition if the contingency does occur (column 23, lines 25-55 and column 25, lines 18-62; payouts to traders based on the outcome of the possible event).

Regarding to claim 11, Lange discloses transferring the activity permit to a second holder in a first secondary market after auctioning the contingent security; and transferring the contingent security to a third holder in a second secondary market after auction the contingent security (column 20, lines 30-40).

Regarding to claim 12, Lange discloses wherein auctioning the contingent security coupled with the activity permit further comprises distributing the contingent

security coupled with the activity permit through at least one of a primary market, a lottery, or an allotment, or a bond auction (column 17, line 12-column 23, line 50; a primary market).

Regarding to claim 14, Lange discloses a method of doing business comprising:

selecting a contingency that is evaluated by a panel of judges (column 7, lines 30-55; the events includes financial-related events such as changes in interest rates, non-financial-related events such as changes in weather conditions, demand for electricity, and fluctuations in real estate prices);

selecting a payment schedule for repayment of a principal amount (column 53, lines 35-65; e.g. FNMA Conventional 30 year One-Month Historical Aggregate Prepayments);

providing a contingent security in exchange for the principal amount (column 7, lines 30-40; contingent claims includes stocks, bonds, other such securities, derivative securities, insurance contracts, reinsurance agreement, other financial products, instruments, contracts, assets, or liabilities whose value depends upon or reflects economic risk due to the occurrence of future, real-world events; column 55, line 15-column 56, line 15);

coupling an activity permit with the contingent security, the permit authorizing the holder to engage in an activity (column 21, lines 15-22; a trader can break-up or divide the multi-state investment into man separate, single-state investments);

auctioning the contingent security coupled with the activity permit to a holder (column 20, line 50-column 22, line 45); and

paying the holder of the contingent security according to the payment schedule if the panel of judges determines that the contingency does not occur, and paying another party if the panel of judges determines that the contingency does occur (column 23, lines 25-55 and column 25, lines 18-62; payouts to traders based on the outcome of the possible event).

Regarding to claim 15, Lange discloses wherein the panel of judges includes a committee of experts (column 8, line 65-column 9, line 5; an issuer such as a corporation, investment bank, underwriter or other financial intermediary).

Regarding to claim 16, Lange discloses wherein the contingency includes at least one of a change in biodiversity, a change in human mortality, a change in incidence of human illness, or a change in incidence of cancer (column 55, lines 1-15; e.g. the death or disability of Warren Buffett).

Regarding to claim 22, Lange discloses a computer implemented market system comprising:

a server hosting a market, the market for trading a plurality of instruments that include a security with a contingent payoff coupled to a permit to conduct a predetermined activity (figure 2 and column 88, lines 25-50; central controller 100 comprises application server 210); and

a plurality of clients connected to the server through a network, each client participating in the market by buying or selling one of the plurality of instruments (figure 2 and column 88, lines 25-50; investors' computers and devices 160, 170, 180, 190 and 200).

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Regarding to claim 23, Lange discloses wherein the security and the permit are decoupled and traded in separate markets, each of the separate markets being hosted by the server (column 93, lines 25-42; Market Data database 263 include data relevant for the types of contingent claims which can be traded on a particular exchange).

Regarding to claim 24, Lange discloses a market system comprising:

a market hosting means for trading a plurality of instruments that include a security with a contingent payoff coupled to a permit to conduct a predetermined activity (figure 2 and column 88, lines 25-50; central controller 100 comprises application server 210); and

a market participant means connected to the market hosting means for receiving orders to exchange at least one of the security and the permit in a secondary market, the market hosting means executing the received orders (figure 2 and column 88, lines 25-50; investors' computers and devices 160, 170, 180, 190 and 200).

### ***Claim Rejections - 35 USC § 103***

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. Claim 13 is rejected under 35 U.S.C. 103(a) as being unpatentable over Lange, U.S. Patent No. 6,321,212.



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Regarding to claim 13, Lange does not disclose wherein the activity permit includes at least one of a right to sell a genetically modified organism, a right to use a genetically modified organism, or a right to sell a wireless device. However, Lange does teach the activity permit includes a right to sell a stock (column 20, lines 30-40). Moreover, such products are well known in the art. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to include such products above in Lange's for the purpose of providing more efficiency in trading contingent claims with various products provided in the activity permit.

### ***Conclusion***

9. Claims **10-16 and 22-24** are rejected.

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to examiner Nga B. Nguyen whose telephone number is (703) 306-2901. The examiner can normally be reached on Monday-Thursday from 9:00AM-6:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on (703) 308-0505.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (703) 306-1113.

11. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

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C/o Technology Center 3600

Washington, DC 20231

Or faxed to:

(703) 872-9326 (for formal communication intended for entry),


or

(703) 308-3691 (for informal or draft communication, please label

"PROPOSED" or "DRAFT").

Hand-delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, Seventh Floor (Receptionist).

Nga B. Nguyen



January 6, 2005